

## Bureau of Engraving and Printing

### Total Program Operating Level

(Dollars in Thousands)

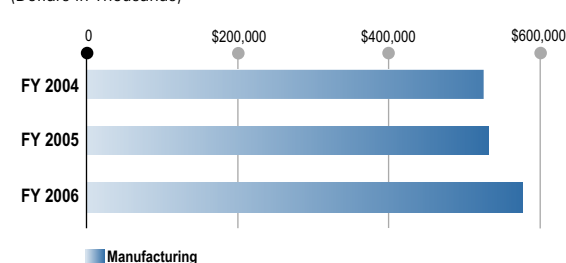
	FY 2004	FY 2005	FY 2006	
	Enacted	Estimate	Estimate	Increase/Decrease
Total Cost of Operations (All Budget Activities)	\$518,000	\$470,000	\$520,000	\$50,000
Capital Investments	\$36,000	\$60,000	\$55,000	(\$5,000)
Total Operations and Capital Investments	\$554,000	\$530,000	\$575,000	\$45,000
Total FTE Usage	2,331	2,400	2,400	0

### Explanation of FY 2006 Budget Estimate

The Bureau of Engraving and Printing (BEP) is one of the world's largest currency manufacturers with operations in Washington, D.C. and Fort Worth, TX. Since 1950, the Bureau of Engraving and Printing has been operating under an industrial revolving fund as authorized by Public Law 81-656, effective August 4, 1950. This fund is reimbursed through billings to BEP's customers for products delivered. Public Law 95-81 authorized the BEP to include in its product prices an amount to provide funding for the acquisition of capital equipment and future working capital. This eliminates the need for appropriations to support the mission of the BEP, and makes the proceeds from the sale of currency to the Federal Reserve and other miscellaneous sales of securities the BEP's sole source for funding its operations. In accordance with the inter-agency agreement with the U.S. Postal Service, FY 2005 will mark the final year of postage stamp production at BEP. BEP's Budget is divided into two budget activities: 1) Manufacturing and Sales; and 2) Protection and Accountability of Assets.

### BEP Revenue

(Dollars in Thousands)



### Program Description

**Manufacturing and Sales (\$463,000,000 and 1900 FTE)** Manufacturing of currency accounts for 98% of total annual revenues. The focus of this program is to produce and deliver counterfeit deterrent currency for circulation in a cost efficient and safe manner

with state of the art manufacturing technology and equipment.

### Security and Accountability of Assets

**(\$57,000,000 and 500 FTE)** The

Bureau of Engraving and Printing will deliver 10 billion notes to the Federal Reserve in fiscal year 2006. The BEP must maintain an accurate and cost effective system of accountability for

all BEP products, which will ensure that products are accounted for during production and that customers receive the correct quantities of product ordered. Currency shipment discrepancies are prevented by a series of automated quality and accountability checks performed throughout the entire production process as well as a final manual verification prior to shipment to the customer. Rigorous and redundant accountability controls must be maintained to prevent shipment discrepancies and satisfy Federal Reserve expectations for the control of U.S. currency. The BEP Police Force protects these assets and safeguards BEP employees against potential threats at two facilities. This activity maintains a highly professional security and accountability program with the tools and resources needed to respond to changing threats.

### Total Production of Notes

(Dollars in Thousands)

	FY 2004	FY 2005	FY 2006
	Enacted	Estimate	Estimate
Manufacturing			
Federal Reserve Notes	8,800,000	8,600,000	10,000,000
U.S. Postage Stamps	6,100,000	5,000,000	0

### Capital Investments Summary

**Capital (\$55,000,000)** Capital investment over the next five years will focus on replacement of currency production lines in both production facilities with updated currency printing and processing technology. Current printing and processing equipment identified for replacement has been fully depreciated and in continuous operation from 15-25 years.

### Legislative Proposals

None requested.



## United States Mint

### Total Program Operating Level

(Dollars in Thousands)

	FY 2004	FY 2005	FY 2006	
	Enacted	Estimate	Estimate	Increase/ (Decrease)
Cost of Operations by Budget Activity	\$995,148	\$1,226,310	\$1,214,233	(\$12,077)
Manufacturing and Sales	\$956,173	\$1,190,081	\$1,175,292	(\$14,789)
Protection	\$38,975	\$36,229	\$38,941	\$2,712
Capital Investments	\$20,942	\$28,811	\$26,768	(\$2,043)
Total Operations and Capital Investments	\$1,016,090	\$1,255,121	\$1,241,001	(\$14,120)
Total FTE Usage	2,115	2,108	2,024	(84)

### Explanation of FY 2006 Budget Estimate

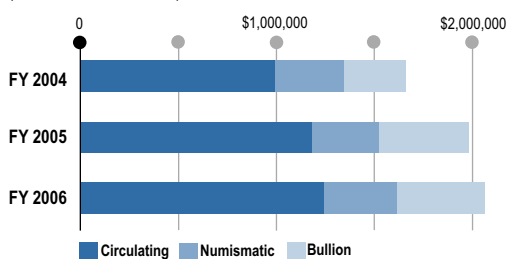
The United States Mint, with operations in California, Colorado, Kentucky, New York, Pennsylvania, and Washington, D.C., is the world's largest coin manufacturer. The mission of the United States Mint is to apply world-class business practices in making, selling, and protecting the nation's coinage and assets.

Since FY 1996, the United States Mint has been operating under a Public Enterprise Fund (PEF). As authorized by Public Law 104-52 (31 U.S.C. § 5136), the PEF eliminates the need for appropriations. Proceeds from the sale of circulating coins and the sale of numismatic items to the public are the United States Mint's sole source of funding. Funding for costs associated with the manufacturing and delivery of circulating coins, numismatic coins, protective services, operating expenses, and capital investments are funded through these sales. The United States Mint remains committed to holding down costs, streamlining operations, and providing value to the American people.

The United States Mint manufactures and delivers domestic circulating coinage, numismatic coinage, and bullion products. Furthermore, the United States Mint provides security for assets, including the government's stock of gold bullion, silver bullion, coins, and coinage metals.

### United States Mint Revenue

(Dollars in Thousands)



### Program Description

#### *Manufacturing and Sales (\$1,175,292,000 and 1,641 FTEs)*

Manufacturing and Sales are grouped into three programs: Circulating Coinage, 50 State Quarters®, and Numismatic.

Circulating coinage, used to conduct trade and commerce, includes the penny, nickel, dime, half-dollar and dollar. The focus of this program is to produce and deliver coins for circulation in a cost efficient and safe manner with state of the art manufacturing technology and equipment. The United States Mint delivers the circulating coinage to the Federal Reserve Bank System (FRB) for distribution as demanded by commerce.

The 50 State Quarters® program was launched in 1999 to commemorate and honor the history of each of the 50 states over a ten-year period. Five new State Quarters are produced each year. Each quarter's reverse celebrates one of the 50 states with a design honoring that state's unique history, traditions, and symbols. The quarters are released in the same order that the states were admitted into the Union. The planned releases for 2006 are Nevada, Nebraska, Colorado, North Dakota and South Dakota.

The numismatic program includes four types of coin products, which the United States Mint markets and sells to the public including; 1) Bullion Coins; 2) American Eagle Proof Coins; 3) Recurring Coin Programs; and 4) Commemorative Coins. The Numismatic program focuses on fostering the health of numismatics by providing quality products and service, expanding markets, and supporting the long-term value of Numismatic products.

*Protection (\$38,941,000 and 383 FTEs)* The United States Mint secures approximately \$102 billion in market value of the nation's gold and silver reserves. The United States Mint Police protect assets while safeguarding employees against potential threats at the facilities across the country. The Protection activity maintains a highly professional police force with the tools and resources needed to respond to changing threats in the environment.

## Total Coin Shipments

(In Thousands)

	FY 2004	FY 2005	FY 2006	
	Enacted	Estimate	Estimate	Increase/ (Decrease)
<b>Circulating</b>				
Pennies	7,126,000	8,000,000	7,900,000	(100,000)
Nickels	1,393,000	1,879,000	1,690,000	(189,000)
Dimes	2,569,000	2,900,000	3,050,000	150,000
Quarters	2,242,000	2,620,000	2,872,000	252,000
Other	39,000	60,000	55,000	(5,000)
<b>Numismatic</b>				
Total	12,000	12,000	12,000	0
<b>Bullion</b>				
Total	12,000	10,000	10,000	0

## Capital Investment Summary

*Capital (\$26,768,000)* Investment is crucial to the United States Mint's ability to meet commercial demands for coinage, sell numismatic products to the public, and protect facilities and assets. Proper capital planning and effective investment management is part of the United States Mint's efforts to become a

world-class manufacturing organization. In doing so, the United States Mint is actively developing and assessing new technologies that will allow significant improvement in the time-to-market for new products, enhanced research and development capabilities, and expanded design and new product making capacities.

Examples of capital improvements include: automated feed and takeaway equipment for clad coin production lines, heating and cooling systems for production areas at the Philadelphia Mint, and other equipment replacements at United States Mint production facilities. Other capital improvements will protect assets, operations, and employees via improvements to physical structures such as vaults and external barrier systems.

## Legislative Proposals

None requested.

## Office of the Comptroller of the Currency

### Total Program Operating Level

(Dollars in Thousands)

	FY 2004	FY 2005		FY 2006
	Actual	Estimate	Estimate	Increase/Decrease
Cost of Operations by Budget Activity				
Charter	\$16,448	\$13,940	\$14,215	\$275
Regulate	\$61,763	\$50,796	\$51,715	\$919
Supervise	\$371,252	\$454,673	\$464,078	\$9,405
Total Cost of Operations	\$449,463	\$519,409	\$530,008	\$10,599
Total FTE Usage	2,678	2,791	2,812	21
Capital Investments (Included in Total Cost of Operations above)	\$5,570	\$15,991	\$16,740	\$749

### Explanation of FY 2005 Budget Estimate

The Office of the Comptroller of the Currency (OCC) is responsible for chartering, regulating, and supervising the nation's federally chartered banks. There are approximately 1,900 national banks and 52 federal branches of foreign banks in the U.S. National banks hold approximately \$4.6 trillion in assets or 57 percent of total assets of all U.S. commercial banks. There are approximately 2,700 OCC employees, including over 1,800 bank examiners.

The OCC's operations are funded primarily by semiannual assessments levied on national banks. The OCC derives approximately one percent of its funding from interest revenue from its investments in U.S. Treasury securities and licensing and other fees combined. The OCC does not receive congressional appropriations to fund any of its operations.

The national banking system remains strong with 99 percent of national banks well-capitalized at the end of FY 2004. The OCC's budget is divided into three programs: Charter, Regulate, and Supervise.

### Program Description

**Charter (\$13,940,000 and 70 FTE)** The Charter program involves those ongoing activities that result in the chartering of national banks as well as the evaluation of the permissibility of structures and activities of national banks and their subsidiaries. This includes the review and approval of new national bank charters, federal branches and agencies, mergers, acquisitions, conversions, business combinations, corporate reorganizations, changes in control, operating subsidiaries, branches, relocations, and stock and debt issues.

### Regulate (\$50,796,000 and 247 FTE)

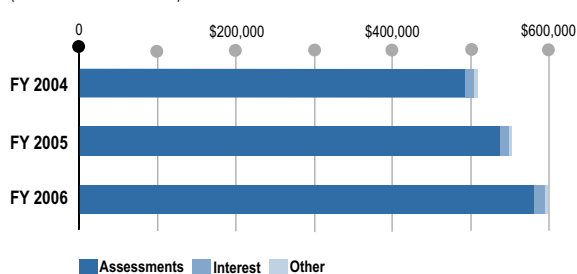
The Regulate program consists of those ongoing activities that result in the establishment of regulations, policies, operating guidance, and interpretations of general applicability to national banks. These regulations, policies, and interpretations may establish systemwide standards, define acceptable banking practices, provide guidance on risks and responsibilities facing national banks, or prohibit (or restrict) banking

practices deemed to be imprudent or unsafe. The program also provides analysis and legal opinions on Federal preemption of state law. This program includes the establishment of examination policies, handbooks, and interpretations for examiners as well as representing the OCC's regulatory authorities and interpretations in administrative, judicial, and congressional hearings.

**Supervise (\$454,673,000 and 2,474 FTE)** The Supervise program consists of those ongoing supervision and enforcement activities undertaken to assure that each national bank is operating in a safe and sound manner and is complying with applicable laws, rules, and regulations relative to the bank and the customers and communities it serves. This program includes bank examinations and enforcement activities; resolution of disputes through the National Bank Appeals process; ongoing monitoring of banks; facilitation of the resolution of consumer complaints; and analysis of systemic risk and market trends in the national banking system or groups of national banks, the financial services industry, and the economic and regulatory environment.

### OCC Revenue

(Dollars in Thousands)



### Capital Investments Summary

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The OCC has five major capital investments in FY 2005: Supervisory Information System (SIS), Management and Accountability Reporting Tools System (\$SMART), Licensing Information System (LIS), Enterprise-Wide Information Management (EWIM), and the Relocation of the Central District. SIS is a multi-year project that provides examiners with more efficient, risk-based supervision tools and improves documentation of ongoing supervision of complex and diverse institutions. \$SMART is the OCC's integrated financial and acquisitions management system that was implemented in October 2001, and FY 2005 funding is for system enhancements. LIS is a replacement system for

the OCC's current mainframe-based tracking and monitoring system for corporate applications. EWIM will provide an effective and efficient agency-wide approach for managing the creation, promulgation, collaboration and use, repurposing, dissemination, and storage and disposition of electronic content. The OCC is acquiring new space for the Central District Office in Chicago that will allow for the more cost effective use of space as well as accommodate a Learning Center. LIS, EWIM and the Central District Relocation project are new initiatives with expenses to begin in FY 2005.

### Legislative Proposals

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None requested.

## Office of Thrift Supervision

### Total Program Operating Level

(Dollars in Thousands)

	FY 2004	FY 2005	FY 2006	
	Actual	Estimate	Estimate	Increase / Decrease
Total Cost of Operations (All Budget Activities)	\$178,713	\$187,900	\$192,598	\$4,698
Total Operations and Capital Investments	\$178,713	\$187,900	\$192,598	\$4,698
Total FTE Usage	886	920	920	0

### Explanation of FY 2005 Budget Estimate

The Office of Thrift Supervision (OTS) charters, examines, supervises, and regulates federal savings associations in order to maintain their safety and soundness and compliance with consumer laws, and to encourage a competitive industry that meets America's financial services needs. OTS also examines, supervises, and regulates state-chartered savings associations belonging to the Savings Association Insurance Fund and savings association affiliates and holding companies.

OTS supervised 896 thrifts with total assets of \$1.23 trillion as of September 30, 2004. OTS also supervises approximately 950 savings and loan holding companies in 481 corporate structures. Over half of all thrifts and 80 percent of total thrift assets are owned by holding companies. The holding company structures control approximately \$6.9 trillion in consolidated assets and vary widely in their operations and structure. Almost 60 structures are engaged in significant lines of business other than banking and financial services, such as agriculture, real estate, retailing and manufacturing. As of December 31, 2004, there were 881 OTS employees.

OTS receives no appropriated funds from Congress. Income of the bureau is derived principally from assessments on thrifts and savings and loan holding companies, examination fees, and interest on investments in U.S. government obligations. Without compromising responsibilities and the risk-based examination approach, OTS strives to manage its operations and budget to ensure that assessment rate increases for thrift institutions and holding companies do not exceed the inflation rate. OTS's budget supports the supervision program.

### Program Description

Through the examination process, OTS assesses the financial condition and risk profile of thrift

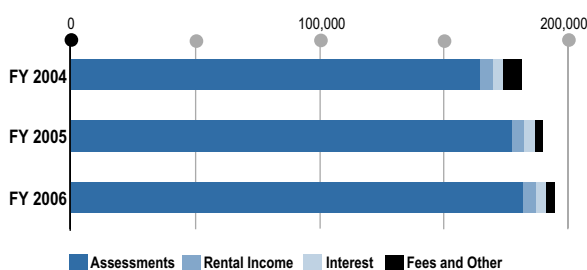
institutions and identifies and addresses unsafe and unsound practices and violations of law and regulation. Through the off-site monitoring process, OTS regularly monitors the financial performance of individual institutions and the industry enabling early identification

of emerging trends or problems. When safety and soundness or compliance issues are identified, OTS acts promptly to ensure thrift management and directors institute corrective actions to address supervisory concerns. OTS ensures that its staff is well trained to identify and address current and emerging risks and that examiner guidance is appropriate and current.

OTS strives to reduce the regulatory burden on thrifts and has reduced the amount of on-site examination time, redesigned regulations to make them easier to understand, and eliminated unnecessary restrictions. It tailors examinations to the risk profile of the individual institutions, streamlines the examination procedures for small institutions, and conducts comprehensive safety and soundness and compliance examinations. Due to favorable economic conditions, a stable industry, and the regulatory oversight that OTS provides, the thrift industry has been operating in a safe and sound manner and performing extremely well. Capital measures for the industry were strong and, as of September 2004, over 99.8 percent of the industry exceeded well-capitalized standards. Assets of problem thrifts declined to \$294 million as of September 2004 from \$602 million as of September 2003.

### OTS Revenue

(Dollars in Thousands)



### Legislative Proposals

None requested.





## Treasury Franchise Fund

### Total Program Operating Level

(Dollars in Thousands)

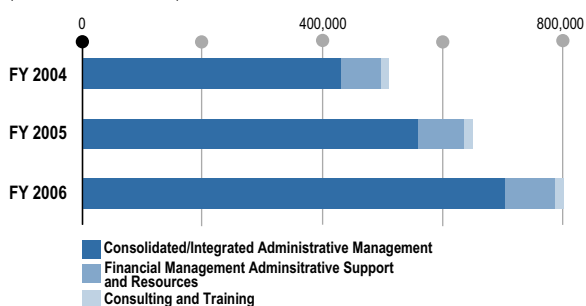
	FY 2004	FY 2005	FY 2006	
	Enacted	Estimate	Estimate	Increase/Decrease
<b>Cost of Operations by Budget Activity</b>				
Consolidated/Integrated Administrative Management	\$473,446	\$555,651	\$698,732	\$143,081
Financial Management Administrative Support Services	\$66,887	\$75,360	\$82,838	\$7,478
Financial Systems, Consulting and Training	\$12,788	\$12,791	\$13,410	\$619
<b>Total Operations and Capital Investments</b>	<b>\$553,121</b>	<b>\$643,802</b>	<b>\$794,980</b>	<b>\$151,178</b>
<b>Total FTE Usage</b>	<b>633</b>	<b>678</b>	<b>713</b>	<b>35</b>

### Explanation of FY 2006 Budget Estimate

The Department of the Treasury was authorized to pilot a franchise fund under P.L. 103-356, the Government Management and Reform Act of 1994. The purpose of the franchise fund pilots was to bring about lower costs and higher quality through greater competition for government and financial administrative services. The Treasury Franchise Fund (The Fund) was established by P.L. 104-208 and was made permanent by P.L. 108-447. The Fund is a revolving fund that is used to supply financial and administrative services on a fee-for-service basis. The Fund was recognized as a Center of Excellence in the Financial Management Line of Business in 2005, making it eligible to enter into competitions to provide cross-agency financial management services on a government-wide basis. Activities include: Consolidated/Integrated Administrative Management; Financial Management Administrative Support; and Financial Systems, Consulting, and Training Services.

### Franchise Fund Revenue

(Dollars in Thousands)



### Program Description

*Consolidated/Integrated Administrative Management (\$704,041,000 in sales)* Through FedSource, the Franchise Fund provides government customers with

entrepreneurial business solutions for the acquisition and financial management of common administrative services and products in support of agency missions and objectives. FedSource offers a “first choice” option or alternate source for the acquisition of these services and products in a fast, cost-

effective manner while continuing to ensure quality and customer service.

*Financial Management Administrative Support and Financial Systems (\$83,509,000 in sales)* The Administrative Resources Center (ARC) provides traditional administrative support functions with a focus on accounting, procurement and HR services. Other services include budget, facilities management, printing and graphics, and web support. ARC’s mission is to aid in the improvement of overall government effectiveness by delivering responsive and cost effective administrative support to customers, thereby improving the customers’ ability to effectively discharge their missions.

*Consulting and Training (\$14,037,000 in sales)* The Fund’s Consulting and Training program consists of two business activities, the Federal Consulting Group (FCG) and Treasury Agency Services (TAS).

The mission of the FCG is to consult with other Federal government agencies to facilitate transformation efforts to help them become a more efficient and results-oriented agency. The FCG achieves its mission through its three programs: Customized and Collaborative Consulting and Facilitation Services, Executive Coaching through its National Network of Qualified Coaches, and Strategies for Customer Service Improvement. The programs are provide facilitation services, business process redesign, strategic planning, executive coaching, and team building. The FCG partners with both political and senior career leaders to create solutions specifically designed to meet unique organizational needs.

TAS shares one common mission with Treasury’s Financial Management Service (FMS)—help agencies improve the quality of government financial

### Percent Increase in Sales

	FY 2004 Enacted	FY 2005 Estimate	FY 2006 Estimate
Consolidated/Integrated Administrative Management	35.40%	16.15%	25.75%
Financial Management Administrative Support Services	28.88%	11.82%	10.00%
Financial Systems, Consulting and Training	6.56%	2.93%	4.87%

management. TAS is a reimbursable provider of information, advice, assistance, and training that is customized to meet today's environment and client agencies' requirements. These services provide the venue for linking program objectives and services with financial management best practices.

in the Financial Management Line of Business, likely significant capital investments projects will be initiated in future years.

### Capital Investments Summary

The Fund has no immediate plans for significant capital investments. However, as the Fund continues to position itself to be a successful OMB-approved Center of Excellence

### Legislative Proposals

None requested.